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8 April 1983

MEMORANDUM FOR: 25X1

FROM   :

              C/HRPS

SUBJECT   : Retirement Projections - Early
                 Out Effect

1.   This memorandum responds to your request to
provide you with data concerning my contention that
the lack of "Early Out" retirements in FY-81 and FY-82
are largely responsible for our recent low retirement
rates. Essentially, I contend that our previous "Early
Outs" consistently amounted to about a third of our
retirements. When we ended the "Early Out" practice
in FY-81, our retirement numbers could be expected to
dip by about a third until the "Early Out" types achieve
their age eligibility. This would mean that we have been
backlogging these potential "Early Outers" for several
years. The question is whether these employees will go
out at a steady rate or in a bunch.

2.   I have attached some material to try to illustrate
my point. Page 1 shows a breakout of regular and "Early
Out" retirements since 1970. I think you can see that the
"Early Outs" have been running 25-33% of the total retire-
ments. When the early out's were stopped in 1981, we
could expect a reduction of [   ] retirements because   25X1
many of those who would have become eligible had already
gone under previous early outs. On page 2, you can see
a projected build up of about [   ] potential retirees every   25X1
year from 1981 on. The corrections in [   ]   25X1
figures on Page 2 reflects the simple model I ran on
pages 3,4, and 5. What this model does is to use FY-81,
FY-82 attrition rates to maintain Agency strength. I
ran it through FY-88 to see what would happen to the
age category populations. You can see that [   ] was a   25X1
little conservative in his projections (an maybe in his
estimated retirement percentage).

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3. Obviously this is a rough cut to give you some
idea of why I think the "Early Out" factor is responsible
for a drop in retirements. (Note that FY-78, FY-79, FY-80
were probably high because of the DDO cuts). As we do
more modeling we should get a better handle on precise
future expectations.

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